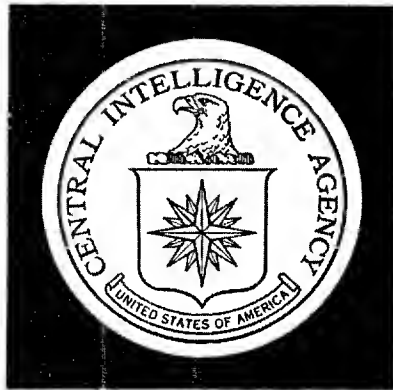


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DIRECTORATE OF  
INTELLIGENCE

# Intelligence Memorandum

*North Korea's Foreign Trade*

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
26 January 1968

INTELLIGENCE MEMORANDUM

North Korea's Foreign Trade

Summary

North Korea's foreign trade is oriented strongly to other Communist countries. During 1966, these countries accounted for 87 percent of total trade of about \$445 million, and the USSR and Communist China in combination made up 75 percent of the total. Almost one-half of North Korea's non-Communist trade with Free World countries was with Japan.

With the exception of trade in bulk commodities, almost all trade with the USSR and Communist China moves by overland transport routes. North Korean trade with other countries, including all Free World nations moves entirely by sea.

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*Note: This memorandum was produced by CIA. It was prepared by the Office of Economic Research. This memorandum is a preliminary analysis of North Korean trade data. A more detailed study will be published on the completion of further analysis of trade and shipping data.*

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Overall Trade

1. North Korea's foreign trade, most of which is with other Communist countries, has been of great importance to the development of the economy. The value of North Korea's foreign trade in 1966 was about \$445 million, compared with \$429 million in 1965. Imports had consistently exceeded exports, until in 1966 when North Korea achieved an export surplus with both the Free World and the Communist countries.

2. Exports, which have increased steadily since 1964, totaled about \$236 million in 1966, an increase of 13 percent, and imports totaled \$208 million, a decline of 5 percent, as shown in the following tabulation:

	Million US \$					
	1965			1966		
	<u>Total</u>	<u>Imports</u>	<u>Exports</u>	<u>Total</u>	<u>Imports</u>	<u>Exports</u>
Total a/	429	220	209	445	208	236
Free World	57	34	23	59	26	33
Communist	373	187	186	386	183	203

a. Because of rounding, components may not add to the totals shown.

3. North Korea is dependent on imports of coking coal, petroleum products, rubber, chemicals (especially fertilizers), and a wide range of machinery and equipment, including complete plant installations. Also, wheat and sugar have been imported in recent years. North Korea's exports are chiefly ferrous and nonferrous metals and minerals. Other important export commodities include rice, fish, and chemicals.

Trade with Communist Countries

4. About 87 percent of North Korea's trade in 1966 was with other Communist countries. This share has been relatively constant since 1964.

The Soviet Union and Communist China, the principal trading partners, together accounted for about three-fourths of North Korea's total trade in 1966. In 1966, as in the past, machinery, equipment, and petroleum products accounted for about one-half of North Korea's imports from the Soviet Union. The remaining imports from the Soviet Union consisted mostly of wheat, cotton, steel, chemicals, and wood products. North Korea's most important import from Communist China was coking coal, followed by minerals, ferrous metals, steel products, rubber, chemicals, cotton, and sugar. Imports from the Eastern European Communist countries consist mainly of machinery and equipment and chemical products.

#### Trade with the Free World

5. North Korea's trade with the Free World has been expanding steadily since 1962, but is still less than 15 percent of total trade. Japan is North Korea's largest non-Communist trading partner, accounting for almost one-half of North Korea's trade with the Free World in 1966. Japan is the major Free World customer for North Korean exports of ores and semimanufactures of iron, zinc, and lead. North Korea imports machinery, equipment, and chemicals from Japan and Western Europe. Wheat is also imported from France, Greece, Australia, and Argentina.

#### Trade Routes

6. The largest share of North Korea's trade with the USSR and Communist China moves overland, although trade in bulk commodities such as ore and cement moves by sea. North Korean trade with all Free World countries and with Communist countries other than the USSR and Communist China moves entirely by sea. Analysis of calls by merchant ships at North Korean ports in 1967 reveals that Japanese ships made 34 percent of the calls, Soviet ships 33 percent, Polish and British ships 8 percent each, Greek ships 5 percent, and an assortment of Free World and Communist ships the remaining 12 percent.

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Table 1

North Korea: Foreign Trade a/  
1964-66

Country	Million US \$					
	1964			1965		
	Total	Exports	Imports	Total	Exports	Imports
Total	<u>398.2</u>	<u>196.5</u>	<u>201.7</u>	<u>429.3</u>	<u>208.9</u>	<u>220.4</u>
Free World	<u>41.9</u>	<u>23.0</u>	<u>18.9</u>	<u>56.5</u>	<u>22.6</u>	<u>33.9</u>
Communist Countries	<u>356.3</u>	<u>173.6</u>	<u>182.8</u>	<u>372.8</u>	<u>186.3</u>	<u>186.5</u>
USSR	163.6	80.7	82.9	178.1	88.3	89.8
China	141.2	65.9	75.3	140.0	70.0	70.0
Eastern Europe	42.9	22.2	20.7	48.7	25.0	23.7
Albania	1.8	0.6	1.2	1.8	0.6	1.2
Bulgaria	2.2	1.0	1.2	1.3	0.8	0.5
Czechoslovakia	11.7	7.4	4.3	13.2	7.2	6.0
East Germany	4.7	2.1	2.6	7.8	3.3	4.5
Hungary	3.7	1.9	1.8	5.0	3.4	1.6
Poland	7.8	3.7	4.1	11.0	6.2	4.8
Rumania	11.0	5.5	5.5	8.6	3.5	5.1
Other	8.6	4.7	3.9	6.0	3.0	3.0
				11.9	8.7	3.2
				385.9	203.4	182.5
				444.8	236.4	208.4
				58.9	33.0	25.9
				177.9	92.3	85.6
				150.0	75.0	75.0
				46.1	27.4	18.7
				N.A.	N.A.	N.A.
				2.5	1.6	0.9
				13.9	10.1	3.8
				6.9	3.1	3.8
				3.9	3.1	0.8
				12.2	6.4	5.8
				6.7	3.1	3.6

a. Because of rounding, components may not add to the totals shown.

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Table 2  
North Korea: Trade with Selected Free World Countries  
1964-66

Country	1964			1965			1966		
	Total	Exports	Imports	Total	Exports	Imports	Total	Exports	Imports
Japan	31,300	20,100	11,200	31,231	14,724	16,507	27,711	22,694	5,017
France	52	14	38	4,449	76	4,373	6,890	46	6,844
Greece							5,464		5,464
Hong Kong	1,703	1,700	3	1,884	1,781	103	4,260	4,239	21
Australia				4,300		4,300	3,034		3,034
UAR	1,300	700	600	918	490	428	2,810	1,658	1,152
Netherlands	4,705	5	4,700	5,473	848	4,625	2,481	1,135	1,346
West Germany	1,197	300	897	3,678	2,072	1,606	2,274	1,233	1,041
Argentina							1,106		1,106
United Kingdom	120	68	52	210	101	109	591	543	48
Italy	766	113	653	529	308	221	519	194	325
Belgium-Luxembourg	107	6	101	919	815	104	416	340	76
Switzerland	25	24	1	281	276	5	231	229	2
Denmark	1		1	276	275	1	142	141	1
Austria	236		236	1,111	238	873	57	2	55
Sweden	1	1		390	372	18	1		1

Thousand US \$

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Table 3

North Korea: Commodity Composition of Imports  
from the Free World and the USSR  
1964-65

	Thousand US \$			
	1964		1965	
	Free World	a/ USSR	Free World	a/ USSR
Total	<u>18,860</u>	<u>82,888</u>	<u>33,863</u>	<u>89,777</u>
Foodstuffs	<u>1,100</u>	<u>143</u>	<u>8,100</u>	<u>6,328</u>
Of which:				
Wheat and corn				
Crude materials, fuels, and edible oils	<u>606</u>	<u>7,523</u>	<u>7,143</u>	<u>6,139</u>
Of which:			<u>650</u>	<u>9,094</u>
Cotton	<u>564</u>	<u>6,700</u>	<u>428</u>	<u>8,260</u>
Chemicals	<u>2,904</u>	<u>3,097</u>	<u>3,161</u>	<u>3,346</u>
Of which				
Fertilizers	<u>614</u>	<u>0</u>	<u>1,113</u>	<u>0</u>
Manufactures	<u>13,500</u>	<u>44,673</u>	<u>18,900</u>	<u>46,539</u>
Of which:				
Iron and steel	<u>3,730</u>	<u>6,269</u>	<u>8,200</u>	<u>5,875</u>
Machinery and equipment	<u>6,284</u>	<u>28,059</u>	<u>9,354</u>	<u>28,689</u>
Other	<u>750</u>	<u>27,452</u>	<u>3,052</u>	<u>24,470</u>

a. Because of adjustments, totals may not agree with totals shown in Table 1.

Table 4

North Korea: Commodity Composition of Exports  
to the Free World and the USSR  
1964-65

	Thousand US \$			
	1964		1965	
	Free World <sup>a/</sup>	USSR	Free World <sup>a/</sup>	USSR
Total	<u>23,055</u>	<u>80,666</u>	<u>22,640</u>	<u>88,332</u>
Foodstuffs	<u>2,234</u>	<u>8,900</u>	<u>1,817</u>	<u>20,862</u>
Of which:				
Fish and fish preparations	767		1,251	
Rice	1,406	3,122	71	6,095
Crude materials, fuels, and edible oils	<u>7,200</u>	<u>3,246</u>	<u>9,002</u>	<u>2,827</u>
Of which:				
Silk	1,216		1,490	
Minerals	3,830	3,143	5,827	981
Coal	486		199	
Chemicals	<u>11</u>	<u>2,599</u>	<u>64</u>	<u>2,030</u>
Manufactures	<u>13,600</u>	<u>64,488</u>	<u>11,750</u>	<u>60,851</u>
Of which:				
Building materials	0	4,607	0	7,758
Clothing		621		1,021
Iron and steel	8,749	43,265	4,947	39,137
Nonferrous metals	4,548	11,785	6,320	7,203
Other	<u>0</u>	<u>1,433</u>	<u>0</u>	<u>1,762</u>

a. Because of adjustments, totals may not agree with totals in Table 1.

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